

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 PER-03 PA-02 PRS-01

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R 071935Z JUL 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 1020

INFO AMEMBASSY BONN

USMISSION EC BRUSSELS

AMEMBASSY LISBON

USMISSION GENEVA

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY ROME

UNCLAS PARIS 17534

E.O. 11652: N/A

TAGS: PLAB, FR

SUBJECT: NEW MINIMUM WAGE

1. EFFECTIVE 1 JULY THE MINIMUM HOURLY WAGE (SMIC) WAS RAISED FROM 7.12 FRF (JUNE) TO 7.55 (\$1.88). THIS REPRESENTS A 6.04 PERCENT INCREASE IN ONE MONTH WHICH IS IN EXCESS OF RATE JUSTIFIED BY INTERVENING RISE IN COST OF LIVING. IT RESULTED FROM REQUIREMENT TO TAKE INTO ACCOUNT EVOLUTION OF NATIONAL AVERAGES OF WAGES.

2. THUS COMPARED TO A YEAR AGO (1 JULY 74) COST OF LIVING WENT UP 12.1 PERCENT WHILE HOURLY WAGES INCREASED BY 18.7 PERCENT WHICH MEANS A HEALTHY 6.6 PERCENT RISE IN REAL WAGES. THE CORRESPONDING INCREASE IN THE SMIC IS 17.97 PERCENT. FOR THE FIRST TIME SINCE UNCLASSIFIED

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1971 THE RATE OF INCREASE OF THE SMIC IS LOWER THAN

THAT OF THE NATIONAL AVERAGE. THIS REFLECTS GOF ATTEMPTS TO REDUCE THE UNPRECEDENTED RISE IN WAGES' PURCHASING POWER IN THE LAST 5 YEARS. SINCE JULY 1970 PRICES ROSE BY 51 PERCENT WHILE HOURLY WAGES AVERAGES A 89 PERCENT INCREASE AND THAT OF SMIC 121 PERCENT.

3. THE NEW RATE OF SMIC GIVES A MONTHLY MINIMUM WAGE OF 1313 FRs IF COMPUTED ON BASIS OF 40-HOUR WORKWEEK OR 1403 FRs ON BASIS OF AVERAGE WORKWEEK OF 42.1 HOURS.

4. IT IS ESTIMATED THAT SOME 800,000 WORKERS WILL BE AFFECTED DIRECTLY BY THE NEW SMIC WITH AN ADDITIONAL 400,000 BENEFITING INDIRECTLY.

5. COMMENT: NOTWITHSTANDING THE SLOWING DOWN IN THE RATE OF INCREASE OF THE SMIC THE GOF POLICY REMAINS IN FAVOR OF GIVING PRIORITY ATTENTION TO THE LOWER PAID CATEGORIES OF THE POPULATION BOTH IN TERMS OF DIRECT WAGES AND INDIRECT SUPPORT ALLOWANCES.
RUSH

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Disposition Approved on Date:
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Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
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